

Internet professionals, serves over 60,000 business customers and has in excess of 570,000 access lines in service throughout its markets in Arizona, California, Colorado, Minnesota, Montana, Nevada, Oregon, Utah and Washington. For more information, please visit our web site at [www.eschelon.com](http://www.eschelon.com)

#### Forward Looking Statements

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on Eschelon Telecom's current intent, belief and expectations. These statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Actual results may differ materially from these forward-looking statements because of the company's history of losses, ability to maintain relationships with RBCs, substantial indebtedness, intense competition, dependence on key management, changes in government regulations, and other risks that may be described in the company's filings with the Securities and Exchange Commission. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of today's date. Eschelon Telecom undertakes no obligation to update or revise the information contained in this announcement, whether as a result of new information, future events or circumstances or otherwise.

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## VOICE SERVICE



Improve Your Bottom Line  
with Eschelon's Integrated Solutions

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about our services in your area or call  
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- Find your local office.
- Send us a message online.

### Voice Services that Improve Your Bottom Line

Eschelon offers feature-rich, high-quality local business lines, local T-1 and PRI solutions to give you the tools you need to communicate quickly and reliably. Eschelon's line of Integrated Solutions gives you the ability to combine all of your voice and data needs on a single high-speed, digital circuit for maximum efficiency,

#### LOCAL SERVICE

With Eschelon's Local Services, you'll receive the highest quality telephone service available to help your business thrive. Whether you choose our feature-rich analog lines or digital T-1 voice services, you will be equipped with reliable, low cost voice solutions that are just right for small to medium-sized businesses.

MORE

#### LONG DISTANCE

Companies of all sizes need to stay in contact with customers and employees. Eschelon offers a variety of long distance programs to meet your specific business needs. We offer both switched and dedicated long distance services backed by competitive pricing and outstanding customer service.

MORE

#### VOICE MESSAGING

Voice messaging has become a critical element of business communications that gives customers a direct connection to your business. With Eschelon's Voice Messaging, you can eliminate the confusion of paper messages and you: customers will never get a busy signal.

MORE

#### FIRST ESCHELON

For customers who want to combine their voice and Internet services on a single T-1, First Eschelon provides you with the flexibility you desire.

MORE

#### PRECISION INTEGRATED ACCESS

Flexible voice and data services delivered over a single circuit--ideal for businesses that need from four to 16 voice lines and want fast, dedicated Internet access.

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Precision Integrated Access



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## INTERNET



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## Internet Connectivity with Eschelon Goes Beyond Standard Dial-Up, DSL and T-1 Services.

Our services include e-mail, web and domain hosting and SMTP Mail Relay, as well as virus and Spam filtering options. Eschelon can provide security and Virtual Private Network (VPN) solutions for maximum protection and flexibility.

### DSL

Digital Subscriber Line service (DSL) is a technology that offers a dedicated, high-speed and secure connection to the Internet. DSL uses existing copper wire phone lines and DSL modems at each end of the line to transmit data at much greater speeds than traditional dial-up or ISDN connections.

MORE ➤

### DEDICATED T-1

A Dedicated Internet T-1 Service is the ideal solution for customers requiring consistently reliable and secure bandwidth. Choose the speed that best fits your business - bandwidth options start at 768K and are available in 64K increments up to 1.5Mb. This dedicated solution is an "always-on" connection, and all of the bandwidth is dedicated solely to your network's Internet connection.

MORE ➤

### DIAL-UP

Eschelon provides many advanced services and helpful tools for your dial up access and e-mail needs.

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### WEB HOSTING SERVICES

Let Eschelon host your Web site while you maintain complete control.

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### FIRST ESCHELON

For customers who want to combine their voice and Internet services on a single T-1, First Eschelon provides you with the flexibility you desire.

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#### Eschelon Telecom's Q3 Sales Exceeds Expectations

06/12/2006

#### Strong Customer Demand for Reliable Technology, Additional Bandwidth and Scalable Solutions are Driving Sales

**Minneapolis, Minn. - June 12, 2006:** (NASDAQ: ESCH) Eschelon Telecom, Inc., a leading provider of integrated communications services to small and medium sized businesses in the western United States, today announced that its Precision FlexPak is exceeding sales expectations as businesses demand more bandwidth and reliable solutions. The Precision FlexPak Integrated T-1 allows a business to allocate unused voice channels for dedicated IP access, giving the customer more bandwidth to meet their specific business needs.

Precision FlexPak differs from other competitive VoIP products because it provides dedicated and guaranteed access – customers get access to the full bandwidth of the T-1 and do not suffer from the technology overhead drain of up to 20% that is common on VoIP circuits. FlexPak works with all types of signal transmissions – whether a customer is on a conference call, sending a fax or talking to someone who is using a digital cellular phone, FlexPak provides the reliability and quality businesses expect.

Precision FlexPak was specifically designed for small and medium sized businesses that need more bandwidth or stability than provided by DSL or cable-TV Internet connections. The Precision FlexPak product is delivered to customers via a dedicated T-1, the technology previously reserved for larger businesses. Now, customers can utilize the full 1.5 Mb bandwidth of the T-1 for a price comparable to phone lines and DSL.

"Precision FlexPak is just one example of the products we offer that are designed specifically to support the needs of small and medium sized businesses," stated Robert Pickens, Executive Vice President of Marketing and Integrations. "In May, Precision FlexPak represented 37% of our total lines sold—this is very significant for a product that has been on the market for only six months. Its proven technology and reliability are becoming increasingly popular among customers as they continue to demand bandwidth to support mission-critical applications."

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## About Eschelon Telecom, Inc.

Eschelon Telecom, Inc. is a facilities-based competitive communications services provider of voice and data services and business telephone systems in 23 markets in the western United States. Headquartered in Minneapolis, Minnesota, the company offers small and medium-sized businesses a comprehensive line of telecommunications and Internet products. Eschelon currently employs over 1,100 telecommunications/Internet professionals, serves over 55,000 business customers and has approximately 428,000 access lines in service throughout its markets in Minnesota, Arizona, Utah, Washington, Oregon, Colorado, Nevada and California.

## Forward Looking Statements

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on Eschelon Telecom's current intent, belief and expectations. These statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Actual results may differ materially from these forward-looking statements because of the company's history of losses, ability to maintain relationships with RBOCs, difficulties inherent in making and integrating acquisitions, substantial indebtedness, intense competition, dependence on key management, changes in government regulations, and other risks that may be described in the company's filings with the Securities and Exchange Commission. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of today's date. Eschelon Telecom undertakes no obligation to update or revise the information contained in this announcement, whether as a result of new information, future events or circumstances or otherwise.

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## The Level 3 Story

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### Introduction to Level 3: The Level 3 Story

#### Who is Level 3?

Level 3 (Nasdaq: LVL3) is an international communications and information services company and is headquartered in Broomfield, Colorado. The company operates one of the largest communications and Internet backbones in the world.

Level 3 is one of the largest providers of wholesale dial-up Service to ISPs in North America and is the primary provider of Internet connectivity for millions of broadband subscribers through its cable and DSL partners.

The world's largest telecom carriers all continue to use Level 3 services, as do the 10 largest U.S. Internet Service Providers, and the 10 largest European telecom carriers.

The company offers a wide range of communications services over its approximately 23,000 mile broadband fiber optic network including Internet Protocol (IP) services, broadband transport, colocation services, and patented **Softswitch-based** managed modem and voice services. Services offered under the "Level 3 Communications" brand include:

- Internet access services
- Managed modem dial-up Services
- Broadband transport
- IP-centric voice services
- Private packet-switched services
- DSL Aggregation
- Colocation
- Metropolitan and intercity dark fiber

Based on the amount of Internet traffic on Level 3's IP backbone, Level 3 is among the largest Internet carriers in the world. Through Level 3's dial-up ISP customers, the company's dial-up infrastructure is accessible to approximately 90% of the U.S. population. When a typical Internet user at home dials the Internet using a modem in the U.S., there is better than a one-in-three chance that their call is being completed within a Level 3 data center.

TDP

*"We clearly trust a significant portion of our business with Level 3 and that has been a great decision for us here at AOL."*

*John Schanz, SVP Network operations, America Online*

#### Why is the Level 3 Network ideal for Communications-Intensive Companies?

The majority of the Level 3 Network is a multi-conduit, fully upgradeable network, allowing it to be more adaptable to future technological changes than existing and less flexible networks.

Construction teams working exclusively to Level 3's exacting designs built the entire Level 3 intercity network and all 36 of the company's metropolitan networks in North America and Europe. In the process, Level 3 created one of the most scalable, cost-effective, and state-of-the-art optical networks in existence. Few providers own the amount of available fiber infrastructure that Level 3 owns. Consequently, few can claim to be as accommodating of future customer growth. Read more about the [Level 3 Network](#).

#### For More Information

To speak with Level 3, you may call Level 3's main number at 1-877-2LEVEL 3 (1-877-253-8353).

TDP



#### What Our Customers Are Saying

Executives From Leading Telecom Providers Talk About Partnering With Level 3.

➤ [Click here to view video](#) (pop-up blocker must be disabled to view)



#### Microsoft Cites Level 3 for Service Excellence

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### LEVEL 3 TO ACQUIRE BROADWING CORPORATION

*Combination Will Further Leverage Level3's Nationwide Network*

*Acquisition Expected to be Adjusted OIBDA Positive in 2007 and Cash Flow Positive in 2008*

*Purchase Price of Approximately \$1.4 Billion in Aggregate Cash and Stock*

*Acquisition Expected to Accelerate Growth of Level 3's Business Markets Group*

**BROOMFIELD, Colo., October 17, 2006** – Level 3 Communications, Inc. (Nasdaq: LVLT) today announced that it has signed a definitive agreement to acquire Broadwing Corporation (Nasdaq: BWNG), a publicly held provider of optical network communications services. Under the terms of the agreement, Level 3 will pay \$8.18 of cash plus 1.3411 shares of Level 3 common stock for each share of Broadwing common stock outstanding at closing. In total, Level 3 currently expects to pay approximately \$744 million of cash and issue approximately 122 million shares

Broadwing, based in Austin, Texas, delivers data, voice and media solutions to enterprises and service providers over its 19,000 mile intercity fiber network. Approximately half of Broadwing's revenue comes from the wholesale market, with business customers comprising the remaining revenue.

"The acquisition of Broadwing is consistent with both the Level 3 wholesale market strategy as well as our more recent entry into the enterprise market," said James Q. Crowe, chief executive officer of Level 3. "We believe the combination of Level 3 and Broadwing will create value for our investors through the elimination of duplicative network and operating costs, the addition of a solid revenue base, and a further strengthening of our financial position."

"Broadwing has made great strides with national enterprise customers as a result of their strong product portfolio and national sales teams. This creates an exciting opportunity for us to leverage both of these capabilities to accelerate the growth of Level 3's Business Markets Group."

"We are confident in our ability to successfully integrate Broadwing," said Kevin O'Hara, president and chief operating officer of Level 3. "We have completed the majority of integration efforts from our WiTel acquisition under budget and ahead of schedule. The integration activities for our more recent acquisitions are also on plan."

"Bringing together the resources and talents of Broadwing and Level 3 is an exciting Opportunity for our company, allowing us to capitalize on the strengths of both companies and on advances in technology," said Steve Courter, chief executive officer of Broadwing Corporation. "The combination of our two operations will create a powerful company in the global telecommunications industry with strong growth potential."

"During 2006 Broadwing has grown revenue and improved its margin profile," said Sunit Palel, chief financial officer of Level 3. "Broadwing has had success with expanding its enterprise customer base and service offerings as well as its transport business. We expect the combined operations to directly benefit from these efforts

"Broadwing is expected to contribute positive Adjusted OIBDA in 2007, and even though we expect integration efforts to extend into 2008, we expect Broadwing will generate approximately \$200-\$250 million of Consolidated Adjusted OIBDA in 2008.

"Including the benefit of synergies and the cost of integration including capital expenditures, this transaction is free cash flow positive in 2008 and should contribute over \$200 million of free cash flow in 2009. Total integration costs are expected to be approximately \$110-\$130 million.

"We expect the transaction to further improve Level 3's financial position and reduce leverage given its expected positive Adjusted OIBDA contribution and Broadwing's approximately \$150 million of net cash as of June 30, 2006."

As of June 30, 2006, Level 3 had approximately \$1.4 billion of cash and marketable securities on hand as adjusted for the acquisitions of TelCove and Looking Glass, the sale of Software Spectrium and the redemption of its outstanding 9.125% Senior Notes due 2008 and 10.50% Senior Discount Notes due 2008.

Closing is subject to customary conditions, including receipt of applicable state and federal regulatory approvals, and is also subject to the approval of the stockholders of Broadwing. Closing is expected to occur in the first quarter of 2007.

Level 3 will hold an investor and media conference call today to discuss the announcement at 10 a.m. EDT. To join the call, please dial (612) 332-1025. A live broadcast of the call can also be heard on Level 3's Web site at [www.Level3.com](http://www.Level3.com). An audio replay of the call will be available within 24 hours after the call through the Web site or by dialing (320) 365-3844 – Access code 845296.

Level 3 was advised on the transaction by Evercore Partners, JPMorgan and Merrill Lynch & Co. Level 3 received legal representation from Willkie Farr & Gallagher LLP.

#### About Level 3 Communications

Level 3 Communications, Inc. (Nasdaq: L3), an international communications company, operates one of the largest Internet backbones in the world. Through its customers, Level 3 is the primary provider of Internet connectivity for millions of broadband subscribers. The company provides a comprehensive suite of services over its broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, voice services and voice over IP services. These services provide building blocks that enable



Level 3's customers to meet their growing demands for advanced communications solutions. The company's Web address is <http://www.level3.com/>.

Level 3 *satellite* video delivery and advertising distribution solutions through its subsidiary Vyvx. For additional information, visit the Web site [www.vyvx.com](http://www.vyvx.com).

*"Level 3 Communications," "Level 3" and the Level 3 Communications logo are registered service marks of Level 3 Communications, Inc. in the United States and/or other countries. Any other product and company names herein may be trademarks of their respective owners. Level 3 services are provided by wholly owned subsidiaries of Level 3 Communications, inc.*

#### **Forward-Looking Statement**

*Some of the Statements made by Level 3 in this press release are forward-looking in nature. Actual results may differ materially from those projected in forward-looking statements. Level 3 believes that its primary risk factors include, but are not limited to: increasing the volume of traffic on Level 3's network; developing new products and Services that meet Customer demands and generate acceptable margins; successfully completing commercial testing of new technology and information systems to support new products and services, including voice transmission services; stabilizing or reducing the rate of price compression on certain of our Communications services; integrating strategic acquisitions; attracting and retaining qualified management and other personnel; and the ability to meet all of the terms and conditions of our debt obligations. Additional information concerning these and other important factors can be found within Level 3's filings with the Securities and Exchange Commission. Statements in this release should be evaluated in light of these important factors.*

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### COVAD AND LEVEL 3 TEAM TO ACCELERATE VOIP ADOPTION IN THE SMALL AND MEDIUM BUSINESS MARKET

**BOSTON, Mass., September 12, 2006** ¼ Level 3 Communications today announced it has added Covad Communications (AMEX: DVW), a leading national provider of integrated voice and data communications, to its Premier Master Reseller program, which provides sales and marketing support to select service provider business partners.

Under the terms of the agreement, Level 3 will be a key provider of underlying VoIP services to enable Covad's nationwide feature-rich hosted VoIP service. In addition, Level 3 will provide go-to-market support and customer leads, and share market research findings to help Covad grow its presence in the small and medium business telecommunications market. Covad offers a broad portfolio of voice solutions to meet the needs of this market segment.

"With its deep experience in and understanding of SMB telecommunications, nationwide coverage, and speed to market, Level 3 is an ideal business partner for Covad as we continue to focus on the telecommunications needs of the small business owner," said Prakash Nagpal, director of product development for Covad. "This relationship enables us to expand our indirect channel efforts through Level 3's network of value-added resellers, from whom small businesses are most likely to turn to for a new voice solution."

"We are very pleased to welcome Covad into our Master Reseller Program, and we believe that this business relationship will enable them to achieve even greater success in meeting the needs of the SMB market," said Craig Schlagbaum, vice president of channel programs for Level 3. "Research shows us that SMBs are increasingly turning to providers such as Covad when seeking an alternative to their current voice service."

### About Level 3 Communications

Level 3 Communications, Inc. (Nasdaq: LVLT), an international communications company, operates one of the largest Internet backbones in the world. Through its customers, Level 3 is the primary provider of Internet connectivity for millions of broadband subscribers. The company provides a comprehensive suite of services over its broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, voice services and voice over IP services. These services provide building blocks that enable Level 3's customers to meet their growing demands for advanced communications



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### About Level 3

Level 3 (Nasdaq: LVL3) is an international communications company headquartered in Broomfield, Colorado. The company operates one of the largest communications and Internet backbones in the world.

Since our founding in 1998, Level 3 has been focused on delivering premier services over one of the world's most advanced, IP-optimized networks. Level 3 owns and maintains over 39,500 intercity route miles, and makes more than 77,000 intercity route miles available to our customers.

We offer a comprehensive portfolio of network offerings that spans Internet Protocol (IP) services, broadband transport, colocation services, and patented Softswitch-based managed network and voice services. Level 3 also uses these network services as a foundation for delivering enterprise telecommunications Solutions.

Level 3 supports its customers across four Groups:

- Level 3 Wholesale Markets serves national and global service providers with integrated data, voice, and video services across one of the world's largest, most-modern networks.
- Level 3 Content Markets combines broadcast and advertising distribution services with traditional Internet services to help rich-media content providers operate at a huge scale among multiple destinations.
- Level 3 Business Markets connects regional enterprises, local service providers and regional carriers with high-availability, nationwide network access and high-performance data, voice and Internet solutions.
- Level 3 European Markets provides European and Global content and telecom providers with the transatlantic capacity and global connectivity to handle growth across wholesale communications services and bandwidth

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solutions.

Level 3 counts among its customers:

- 18 of the world's top 20 telecom companies
- 8 of the 10 largest carriers in Europe
- 8 of the top 10 U.S. Internet Service Providers (ISPs)
- 9 of the 10 largest U.S. cable companies
- 3 of the top 4 telecom companies in Asia
- 4 of the top 5 U.S. Wireless Service Providers

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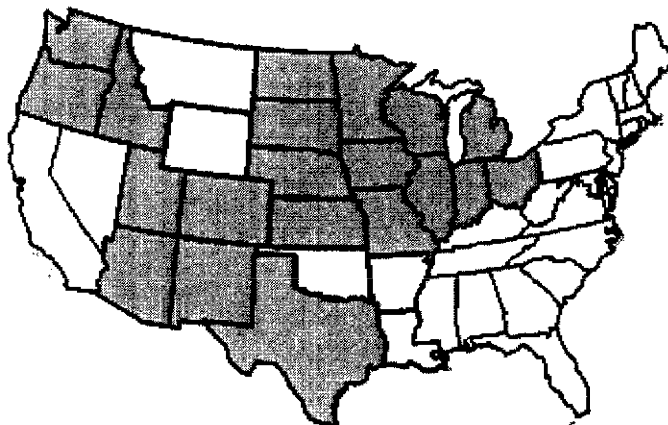
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**McLeodUSA**

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McLeodUSA provides affordable, flexible and reliable integrated voice and data services to small and medium-sized business in nearly 500 cities throughout the Central, Southwestern and Rocky Mountain states. We provide integrated solutions for:

- Traditional Local and long-distance services (including VoIP)
- High-speed broadband Internet access (up to 60 Mbps)
- Data networking solutions (e.g., VPN services, facilities leasing)

We deliver these services on one of the largest most reliable, competitive high-capacity fiber networks in the nation. We built it. We own it. And we manage it - ensuring best-in-class performance for our customers, who enjoy...

- One point of contact for all their voice and data needs
- More "bandwidth for buck" with our dynamic network allocation technology
- 24/7 web-based account management tools
- Flexibility, with smart service expansion options
- 99.999% network reliability and iron-clad security via our 24/7 network management centers

Contact us today for your communications needs. **Headquarters**  
McLeodUSA PO Box 3177 - Cedar Rapids, IA 52406-3177 Phone: 319-364-0000 - Toll Free: 800-896-8330 Fax: 319-790-7767 Key Personnel  
Royce J. Holland, Chief Executive Officer Joseph H. Ceryanac, Chief Financial Officer, Group Vice President Richard J. Buyens, Executive Vice President, Sales

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**FOR IMMEDIATE RELEASE**

## ***McLeodUSA Launches New Broadband / IP Business Strategy Focused on Driving Profitable Market Growth***

- **Company to focus on offering dynamic IP-based integrated voice and data solutions to businesses within 20 state regional footprint**
- **Easy-to-use “Your Account” web portal enables customers to manage services in real time**
- **Overlay product roadmap for advanced virtual services and IP applications defined**
- **Supported by world class network performance and StarQuality® certified employees**
- **Expanded distribution channel strategy to fuel growth**
- **New Board of Directors and Senior Management Team now in place**

**Chicago, IL – June 5, 2006** – McLeodUSA Incorporated, one of the nation’s largest independent competitive telecommunications services providers, today unveiled at GLOBALCOMM™ 2006 its new business strategy to drive profitable market growth continuing the positive transformation of the Company under the leadership of new CEO Royce Holland and the Company’s new Board of Directors and Senior Management Team. The launch of this new growth strategy positions McLeodUSA as a leader in advanced, value-added telecommunications services to businesses within its regional markets.

The new market growth strategy for McLeodUSA focuses the Company offerings around dynamic IP (Internet Protocol) based integrated voice and data broadband solutions for single and multi-location small and medium-sized businesses. These services offer customers multiple voice channels and high speed Internet with or without secure IP VPN (Virtual Private Networks) along with managed security and firewall protection. Customers can manage their services real-time through a user-friendly web portal which allows them to add or change features and user capabilities, view management reports, and view and pay their McLeodUSA services invoice. Products and services now available on this platform are:

- **Dynamic Integrated Access, both line and trunk side configurations on a NxT-I**
  - Includes local and long distance services
  - Choice of flat rate or usage sensitive long distance calling plan options included
  - 17 calling features such as Caller ID, Call Waiting, Hunting, etc.
  - Free site-to-site calling
  - 4-digit dialing between on-net locations
- **Dedicated Internet or Data VPN for secure site-to-site data transfer services**
- **Managed firewall and network security protection**
- **Branded email**
- **Managed Integrated Access Device at customer premises**
- **“Your Account” web portal for customer self-management and administration**

These services are now available in 20 states across the McLeodUSA regional on-net footprint. In addition to these services, McLeodUSA will continue to develop additional value-added services based on the IP network platform and the “Your Account” web portal during 2006 and 2007 such as:

- IP Trunks offering a direct PRI-like interface for customer deployed IP-PBX's
- IP Virtual Services offering customers “click-on” access to new value-added services, features, and per-use capabilities via the “Your Account” web portal
- Hosted voice services for additional network-based services and features
- Integrated conferencing and hosting capabilities

“Our new focus at McLeodUSA is all about providing the very best suite of integrated voice and data solutions possible to our business customers,” said Royce Holland, Chief Executive Officer of McLeodUSA. “Our goal is to provide solutions which improve our customers’ daily productivity, simplify their networks, and provide them with more real-time control. Our IP platform and the future services we plan to introduce will position McLeodUSA as an industry leader that truly understands the communications needs of businesses.”

In addition to the new product focus on IP integrated services, the Company is rapidly expanding its distribution channels and sales partners to help fuel market growth. The Company has re-launched in several key markets such as Texas and Arizona and staffed new field sales teams to focus on customer acquisitions. McLeodUSA has also launched a new effort to recruit and train additional indirect Agents and Affinity partners who will represent McLeodUSA products and services across the Company’s regional footprint.

Finally, McLeodUSA has in place a highly experienced and talented new Board of Directors and Senior Management Team who are actively guiding the Company’s transformation and new market growth strategy. Members of the Board of Directors include:

- Royce J. Holland, Chief Executive Officer
- John Hank Bonde, former EVP CSG Systems, CEO of Centerpost Communications
- Donald Campion, former CFO Verifone, EVP and CFO of Special Devices Incorporated
- Eugene Davis, Chairman and CEO of PIRINATE Consulting Group, LLC
- John McEvoy, Partner, Wayzata Investment Partners
- Alex Stadler, CEO of the Riodata Group
- D. Craig Young, Chairman and CEO of Netifice Communications

Members of the new McLeodUSA Senior Management Team include:

- Royce J. Holland, Chief Executive Officer
- Joseph H. Ceryanec, Chief Financial Officer and Group Vice President
- Chris MacFarland, Chief Technology Officer and Group Vice President
- Richard J. Buyens, Executive Vice President Retail Sales
- Gregory S. Crosby, Group Vice President Marketing and Communications
- John Dumbleton, Group Vice President Wholesale Services and Indirect Channels
- Mike Edl, Group Vice President Network Operations
- Chris Ryan, Group Vice President IT, Customer Care and Service Delivery
- Kurt Langel, Vice President Human Resources

“Our new Board of Directors and Senior Management Team have tremendous industry experience and are helping to rapidly drive our Company in a new direction,” said Mr. Holland. “I am very



pleased with the tremendous talent and leadership we have assembled which will clearly position McLeodUSA as a leader in offering competitive telecommunications services within our industry.”

These new initiatives are the latest in a series of strategic milestones at McLeodUSA since late 2005, when the Company successfully deleveraged its balance sheet by eliminating approximately \$677 million debt, plus interest, and reduced its annual interest expense by over \$50 million. Today, McLeodUSA has one of the strongest balance sheets in the industry with net debt under \$50 million plus an undrawn revolver of \$40 million; renewed its emphasis on high quality service; and assembled a world-class board of directors and management team to lead its integrated services strategy.

“What we have done and continue to do, step by step, is transforming McLeodUSA into a communications service provider that puts our customers squarely at the sweet spot where the latest technology, superior service, outstanding value, rock-solid reliability and convenience all come together,” said Mr. Holland. “Our focus is and will be not just doing what everyone else does; but offering businesses a unique suite of products and services. That’s what we’re doing with our new and enhanced IP-based products.”

McLeodUSA continues to enhance products tailored to corporate customers requiring upper-tier voice and data needs. Delivered via a 99.999% reliable network, McLeodUSA’s IP-based products and services (including its flagship VoIP product, Dynamic Integrated Access) meet customer networking and security requirements in a cost-effective and secure manner. In particular, customers who fully utilize integrated voice over IP, broadband data or IP VPN solutions benefit from reduced capital and operating expenses associated with owning and operating networking and security premise equipment.

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#### **About McLeodUSA**

McLeodUSA provides facilities-based integrated voice and data services, including complete package VoIP, core local/long distance voice services, Internet access, private networking and frame relay products offered in high value, cost-effective bundles to small and medium-sized businesses in more than 490 cities throughout the Central, Southwestern and Rocky Mountain states. McLeodUSA manages these advanced communications services over one of the largest competitive, fiber-dense networks in the nation and through customer-managed, web-based portals. For more information, visit the Company website at [www.mcleodusa.com](http://www.mcleodusa.com)

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***FOR IMMEDIATE RELEASE***

## ***Carriers Get More Choices on Local Voice Services McLeodUSA Expands Wholesale Local Voice Product Suite***

**Hiawatha, Iowa & Orlando, Fla. – October 9, 2006** – McLeodUSA Inc. announced today at the COMPTEL *PLUS* Fall 2006 Convention and Expo in Orlando, an expanded product suite of wholesale local voice and carrier data offerings. McLeodUSA now offers two major local voice services to carriers as part of its wholesale product portfolio

“This expansion of our wholesale local voice product suite will help us add to the more than 100,000 local voice lines we currently have installed,” stated McLeodUSA Group Vice President. John Dumbleton.

UNE-P Replacement Services is the first of the two additions. These services are intended for non-facilities based CLECs and Resellers servicing residential, business and payphone locations. The McLeodUSA alternative provides turnkey local service, enabling migration from ILEC resale services to McLeodUSA service. “This service provides former UNE-P resellers with an excellent alternative to ILEC commercial resale agreements,” stated Dumbleton.

The second addition, Wholesale DLC Service, is a natural fit for facilities-based CLECs, enabling them to operate their own local switch while leveraging McLeodUSA’s extensive network coverage and providing transport services from a McLeodUSA Central Office.

On the data side, McLeodUSA is unveiling its DS1 Aggregation and IP VPN Aggregation Services at the show. IP VPN Aggregation provides a TI local loop from any of McLeodUSA’s local markets to a VoIP Service provider or ISP’s POP through MPLS tunnels. McLeodUSA’s IP VPN Aggregation Services utilize MPLS tunnels over a 99.999 percent reliable IP backbone. Both services are enabled with a web-based prequalification and ordering interface aimed to drive operational efficiency between McLeodUSA and its carrier partners.

“The new IP VPN product is perfect for VoIP providers and ISPs wanting to expand the reach of their service without deploying additional network or capital. These carriers can serve all of their customers within the McLeodUSA footprint and aggregate that traffic to a single interface point anywhere within the McLeodUSA network,” explains Dumbleton.

As an enhancement to McLeodUSA’s standard metro and intercity private line services, the DS1 Aggregation service provides an easy to manage alternative to ILEC-provided metro access

services. This product aggregates multiple T1s from any customer location served from one of McLeodUSA's Central Offices within a given market, and provides a viable alternative to ILEC Special Access rates.

Data Net Systems, LLC, a telecommunications company located in Buffalo Grove, Illinois, provides back office operations for other telecommunications providers nationwide as well as retail telecommunications services throughout the Midwest. Data Net has selected McLeodUSA local wholesale services to serve customers primarily in Illinois and Michigan. "Data Net Systems is thrilled to reach agreement with McLeodUSA," stated Data Net President, Martin Segal. "McLeodUSA is an experienced provider offering a true alternative to the incumbent Bell networks for a CLEC serving mass market customers."

All McLeodUSA wholesale services leverage the pervasive fiber-optic network McLeodUSA has built across 20 Midwest, Southwest, Northwest and Rocky Mountain states in the AT&T and Qwest territories. McLeodUSA has more than 650 Central Office Collocations and 18,000 route miles of fiber providing dense coverage for both traditional and IP-based services to more than 490 cities.

The McLeodUSA Wholesale Team of experienced Carrier Sales experts offers a full suite of carrier products for voice, data and networking services at competitive rates in underserved markets.

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#### About McLeodUSA

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Some of the statements in this press release include statements about our future expectations. Statements that are not historical facts are "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the Exchange Act and Section 27A of the Securities Act. Such statements may include projections of financial and operational results and goals, including revenue, EBITDA, Adjusted EBITDA, profitability, savings and cash. In some cases, you can identify these so-called "forward-looking statements" by our use of words such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "project," "intend" or "potential" or the negative of those words and other comparable words. These forward-looking statements are subject to known as well as unknown risks and uncertainties that may cause actual results to differ materially from our expectations. Our expectations are based on various factors and assumptions and reflect only our predictions. Factors that could cause actual results to differ materially from the forward-looking statement include technological, regulatory, public policy or other developments in our industry, availability and adequacy of capital resources, our ability to implement a strategic transaction or a capital restructuring, current and future economic conditions, the existence of strategic alliances, our ability to generate cash, our ability to implement process and network improvements, our ability to

attract and retain customers. our ability to migrate traffic to appropriate platforms and changes in the competitive climate in which we operate. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise.

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